

DyDo Group Holdings, Inc.
Summary of Principal Questions and Answers
from the FY2017 (Ending January 2018) 2nd Quarter Financial Briefing on August 29

Q1. I understand companies in the industry are working to further strengthen their brands through a process of brand selection and consolidation. How is this process affecting positioning and share in DyDo's coffee category?

A1. Sales volume has risen steadily as a result of sustained investment to date (including television commercials and strengthening of distribution to convenience stores) in DyDo Blend, which is our strongest brand, although we have not seen a significant change in market share. While we continue to see a slight difference with the top two brands in terms of KPIs such as brand recognition and consumer attitudes, we've nearly become the No. 3 group in the industry, so we'll continue these investments in the future.

Q2. The Financial Highlights indicate capital expenditures of 6.6 billion yen in the Domestic Beverage Business. How will that figure change over the next three years?

A2. Going forward, we expect capital expenditures in the Domestic Beverage Business to hold steady at the current fiscal year's level.

Q3. If capital expenditures in the Domestic Beverage Business hold steady at 6.6 billion yen in the coming years, is it fair to conclude that cash flows will improve?

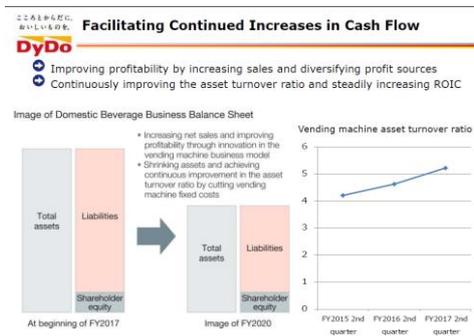
A3. That's a fair conclusion. In addition to lowering vending machine procurement costs, identifying ways to grow our top line will be key in improving cash flows.

Q4. How far can depreciation expenses in the Domestic Beverage Business be expected to fall from the FY2015 figure of 9.3 billion yen due to reductions in vending machine procurement costs?

A4. We expect depreciation expenses to fall gradually over five years until reaching a figure slightly below 7.0 billion yen, making them about even with capital expenditures in the future.

Q5. If capital expenditures hold steady after FY2017 and depreciation expenses fall at the same time, will the balance sheet contract in the future as illustrated on page 35 of the Financial Highlights?

A5. We expect the balance sheet to contract by about 3.0 billion yen.



Note

These materials were prepared by DyDo Group Holdings Inc. as a summary of questions asked and answers provided during its financial briefing for the second quarter of FY2017 (year ending January 2018) from the standpoint of fair disclosure. (Questions and answers are presented in no particular order, and they have been supplemented and revised for clarity.) DyDo Group Holdings Inc. makes no warranty as to the accuracy or completeness of the information provided, which is subject to change without notice. The plans, future projections and strategies for the DyDo Group stated in this document, with the exception of past or current facts, are projections of our future performance, and are based on the judgment and postulations of our management team based on the information available at the present time. Accordingly, the actual performance may differ greatly from these due to unforeseen factors, the economic situation and other risks. This document is not intended to solicit any investment. Please use your own judgment when making investment decisions.